Sweeping Reforms Suggested by IMF

2054. SHRI K.M. SAFULLAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that IMF has recently suggested sweeping reforms including privatisation of state owned banks; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) On the basis of discussions at the Board on India, the IMF, on September 22, 1998 had inter-alia, suggested for a stronger macroeconomic stance to help restore low inflation and improve market sentiment. In the financial sector they urged to accelerate implementation of the reforms suggested by Narasimhan Committee and also stressed that far reaching changes in public control and management of state owned banks would be required to facilitate the entry of private capital.

Policy making is the sovereign right of the Government of India and the policy decisions are taken on the basis of our national priorities. In the financial sector the Government is encouraging private sector to open banking companies and allowing Government owned public sector banks to diversify their activities and float issues in capital market to strengthen their capital base.

Financial Assistance to Govt. Employees in cyclone hit Areas of Orissa

2055. SHRI P. SOUNDARARAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have announced any financial assistance to Government employees belonging to the cyclone hit areas of Orissa;

(b) if so, the details thereof; and

(c) whether Government would provide financial assistance to their employees hailing from cyclone affected areas of Orissa in the form of grants/advances etc. to rehabilitate their families?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) As per the existing provision of General Financial Rules, 1963, a Head of Office is already empowered to sanction interest free advance of Rs. 2500/- to non-gazetted Government servant whose property, moveable or immovable has been substantially affected or damaged in an area affected by natural calamity. This is admissible to Central Government employees over and above whatever relief to cyclone affected people is announced by the concerned State Government.

Interest Rates on HBA

2056. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to reduce the interest rates charged on House Building Advance in view of overall reduction in landing interest rates by Banks and the Financial Institutions engaged in lending money for the house building purpose;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASHEB VIKHE PATIL): (a) to (c) The rates of interest on House Building Advance were recently revised in 1997 and these rates are already subsidized rates. There is no proposal under consideration of Government to reduce the rates of interest on House Building Advance to Government servants.

Ceiling of Income Tax relief on repayment of HBA

2057. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether in view of the high cost of flats/houses etc. Government propose to enhance the limit of Rs. 10,000/- on repayment of House Building Advance in a financial year for income-Tax purpose;

(b) if so, the details thereof; and